

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	105.20	7.80	45.00	158.00	7.80	45.00	158.00	158.00
Personal Services	4,069,148	420,743	1,444,288	5,934,179	446,717	1,444,160	5,960,025	11,894,204
Operating Expenses	4,369,972	539,109	1,851,781	6,760,862	625,776	1,695,431	6,691,179	13,452,041
Equipment	41,767	(21,300)	0	20,467	13,530	0	55,297	75,764
Grants	374,771	265,229	491,290	1,131,290	265,229	49,018	689,018	1,820,308
Benefits & Claims	11,215	(8,935)	0	2,280	(8,935)	0	2,280	4,560
Debt Service	7,093	(7,093)	0	0	(7,093)	0	0	0
Total Costs	\$8,873,966	\$1,187,753	\$3,787,359	\$13,849,078	\$1,335,224	\$3,188,609	\$13,397,799	\$27,246,877
General Fund	2,793,106	220,219	1,312,780	4,326,105	288,392	1,058,111	4,139,609	8,465,714
State/Other Special	82,946	113,991	110,573	307,510	113,989	209,076	406,011	713,521
Federal Special	5,997,914	853,543	2,364,006	9,215,463	932,843	1,921,422	8,852,179	18,067,642
Total Funds	\$8,873,966	\$1,187,753	\$3,787,359	\$13,849,078	\$1,335,224	\$3,188,609	\$13,397,799	\$27,246,877

Agency Description

The Department of Military Affairs, administered by the Adjutant General, oversees activities of the Air and Army National Guard, and Disaster and Emergency Services. The Montana Board of Veterans' Affairs is administratively attached to the department. The department manages a joint federal-state program to maintain trained and equipped military organizations in readiness in the event of a state or national emergency. The department plans for and coordinates state responses in disaster and emergency situations. The Board of Veterans' Affairs manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families, and is responsible for the state's two veterans' cemeteries.

Summary of Legislative Action

The legislature increased Department of Military Affairs funding from the fiscal 2000 base by 52.8 FTE and \$9.5 million, including increases of \$2.9 million general fund, \$547,629 state special revenue, and \$6.1 million federal authority. Of this increase, 45.0 FTE and \$7.0 million were added for new proposals including:

1. continuation of funding for the Youth Challenge Program at a 60 percent federal, 40 percent state funding split. This continuation added 43.0 FTE, \$2.2 million general fund, and \$3.4 million federal funds over the biennium;
2. continuation of funding for the National Guard Incentive Scholarship program at the 2001 biennium level (\$250,000 general fund over the biennium);
3. addition of \$73,701 federal funds over the biennium to add a 1.0 FTE compliance specialist to the department;
4. implementation of shared usage of the National Guard's distance learning program (\$295,200 state special revenue over the biennium); and
5. addition of \$820,110 federal funds to implement a terrorism/weapons of mass destruction program within the Disaster and Emergency Services Division.

The remainder of the increase was in the form of present law adjustments, which included:

1. \$46,871 general fund over the biennium to add a .60 FTE administrative officer position to the department;
2. \$145,106 general fund, \$42,000 state special revenue, and \$939,481 federal funds over the biennium for costs associated with new buildings and to add 7.0 FTE to the Army Guard facilities operations;
3. \$103,520 general fund over the biennium for external paint projects at Guard buildings; and
4. \$102,585 general fund over the biennium to annualize base-year funding within the Disaster and Emergency Services Division .

Other Legislation

Senate Bill 289 - SB 289 provides that all new National Guard firefighters must be covered by the Firefighters' Unified Retirement System. Based on projected hirings, federal special revenue expenditures are expected to increase by \$5,686 over the biennium. The legislature increased federal special revenue authority by this amount.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	105.20	158.00	158.00	0.00	158.00	158.00	0.00	
Personal Services	4,069,148	5,936,632	5,934,179	(2,453)	5,968,130	5,960,025	(8,105)	(10,558)
Operating Expenses	4,369,972	6,729,326	6,760,862	31,536	6,511,243	6,691,179	179,936	211,472
Equipment	41,767	56,767	20,467	(36,300)	91,597	55,297	(36,300)	(72,600)
Grants	374,771	1,131,290	1,131,290	0	689,018	689,018	0	0
Benefits & Claims	11,215	2,280	2,280	0	2,280	2,280	0	0
Debt Service	7,093	0	0	0	0	0	0	0
Total Costs	\$8,873,966	\$13,856,295	\$13,849,078	(\$7,217)	\$13,262,268	\$13,397,799	\$135,531	\$128,314
General Fund	2,793,106	4,407,920	4,326,105	(81,815)	4,171,493	4,139,609	(31,884)	(113,699)
State/Other Special	82,946	199,437	307,510	108,073	199,435	406,011	206,576	314,649
Federal Special	5,997,914	9,248,938	9,215,463	(33,475)	8,891,340	8,852,179	(39,161)	(72,636)
Total Funds	\$8,873,966	\$13,856,295	\$13,849,078	(\$7,217)	\$13,262,268	\$13,397,799	\$135,531	\$128,314

Executive Budget Comparison

The legislative budget is \$128,314 higher than the Executive Budget, with a general fund reduction of \$113,699 over the biennium. The legislature made several adjustments to the Executive Budget, including:

1. reduction of Incentive Scholarship program funding by \$50,000;
2. decrease in federal special revenue authority by approximately \$73,000 over the biennium to account for one-time-only expenditures included in base funding;
3. increase in state special revenue authority by approximately \$290,000 over the biennium to accommodate shared usage of the department's Distance Learning program;
4. reduction in general fund by an amount equal to the general fund share of 1 percent of authorized FTE (\$40,693 over the biennium). No FTE were reduced; and
5. reduction in general fund by an amount equal to 13 percent of fiscal 2000 general fund travel expenditures (\$28,036 over the biennium).

Language

Item [Army National Guard Program] includes a reduction in general fund of \$14,018 in fiscal 2002 and \$14,018 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Army National Guard Program] includes a general fund reduction of \$20,312 in fiscal 2002 and \$20,381 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	6.60	0.60	1.00	8.20	0.60	1.00	8.20	8.20
Personal Services	304,136	50,397	36,548	391,081	52,427	37,153	393,716	784,797
Operating Expenses	53,838	2,502	0	56,340	3,574	0	57,412	113,752
Benefits & Claims	2,280	0	0	2,280	0	0	2,280	4,560
Total Costs	\$360,254	\$52,899	\$36,548	\$449,701	\$56,001	\$37,153	\$453,408	\$903,109
General Fund	324,696	53,477	(10,717)	367,456	56,325	(15,214)	365,807	733,263
Federal Special	35,558	(578)	47,265	82,245	(324)	52,367	87,601	169,846
Total Funds	\$360,254	\$52,899	\$36,548	\$449,701	\$56,001	\$37,153	\$453,408	\$903,109

Program Description

The Operations Support Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

Funding

The division is primarily funded with general fund. The federal/state agreements between the Department of Military Affairs and the associated federal agencies have identified certain personal services costs of positions that provide support to federally funded activities as applicable for federal funding. For the 2003 biennium, federal funds account for approximately 19 percent of the funding for the Operations Support Program.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				41,801					43,562
Vacancy Savings				(9,741)					(9,794)
Inflation/Deflation				(460)					(182)
Fixed Costs				3,470					4,264
Total Statewide Present Law Adjustments				\$35,070					\$37,850
DP 101 - Operations Support Administrative Officer									
0.60	23,261	0	0	23,261	0.60	23,610	0	0	23,610
DP 104 - Computer Cost Reduction									
0.00	(426)	0	0	(426)	0.00	(426)	0	0	(426)
DP 696 - Data Network Fixed Cost Reduction									
0.00	(82)	0	0	(82)	0.00	(82)	0	0	(82)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(4,136)	0	(788)	(4,924)	0.00	(4,159)	0	(792)	(4,951)
Total Other Present Law Adjustments									
0.60	\$18,617	\$0	(\$788)	\$17,829	0.60	\$18,943	\$0	(\$792)	\$18,151
Grand Total All Present Law Adjustments				\$52,899					\$56,001

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 101 - Operations Support Administrative Officer - The legislature approved a general fund increase for personal services and related operating expenses to convert an existing administrative officer position from a temporary 0.4 FTE to a permanent 1.0 FTE.

DP 104 - Computer Cost Reduction - The legislature approved an adjustment to bring personal computer funding into accordance with the division's four-year replacement plan. This adjustment funds the division at a level to replace two computers each year of the biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 103 - Operations Support Compliance Specialist										
01	1.00	0	0	36,548	36,548	1.00	0	0	37,153	37,153
DP 105 - Increase Federal Funding Share										
01	0.00	(10,717)	0	10,717	0	0.00	(15,214)	0	15,214	0
Total	1.00	(\$10,717)	\$0	\$47,265	\$36,548	1.00	(\$15,214)	\$0	\$52,367	\$37,153

New Proposals

DP 103 - Operations Support Compliance Specialist - The legislature approved an increase in federal special revenue authority to add a 1.0 FTE Operations Support Compliance Specialist position. The legislature designated this increase as one-time-only.

DP 105 - Increase Federal Funding Share - The legislature approved a funding switch to decrease the amount of general fund support to the division.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	43.00	43.00	0.00	43.00	43.00	43.00
Personal Services	0	(4,567)	1,382,601	1,378,034	(4,567)	1,387,351	1,382,784	2,760,818
Operating Expenses	0	(28)	1,417,399	1,417,371	(28)	1,412,649	1,412,621	2,829,992
Total Costs	\$0	(\$4,595)	\$2,800,000	\$2,795,405	(\$4,595)	\$2,800,000	\$2,795,405	\$5,590,810
General Fund	0	(1,838)	1,120,000	1,118,162	(1,838)	1,120,000	1,118,162	2,236,324
Federal Special	0	(2,757)	1,680,000	1,677,243	(2,757)	1,680,000	1,677,243	3,354,486
Total Funds	\$0	(\$4,595)	\$2,800,000	\$2,795,405	(\$4,595)	\$2,800,000	\$2,795,405	\$5,590,810

Program Description

The Montana National Guard Youth Challenge is a program for youth ages 16 to 18 who have stopped attending secondary school before graduating. The program accepts youth to voluntarily participate in a five-month residential program, living and training in a military environment, and provides a one-year post-residential mentoring component. The program focuses on developing discipline and responsibility to improve life skills and employment potential.

Funding

The program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio. The program was established in Montana at an original split of 70/30 federal/state match in fiscal 1999, with the state percentage to increase by 5 percent each year until fiscal year 2002, at which time the state match becomes 40 percent. The state match percentage is projected to remain the same for subsequent fiscal years. It should be noted the department stated the intent of Adjutant Generals throughout the nation to persuade the National Guard Bureau to move the funding back to the 75/25 federal to state match split originally provided to pilot programs across the country.

The 1999 legislature funded the Youth Challenge program on a one-time-only basis. Therefore, no expenditures are included in the base year for comparison. However, combining fiscal 2000 expenditures and fiscal 2001 appropriations gives a 2001 biennium program cost of \$5.4 million in comparison to the 2003 biennium appropriation of \$5.6 million.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				0					0
Vacancy Savings				0					0
Inflation/Deflation				0					0
Fixed Costs				0					0
Total Statewide Present Law Adjustments				\$0					\$0
DP 696 - Data Network Fixed Cost Reduction									
0.00 (11)		0	(17)	(28)	0.00 (11)		0	(17)	(28)
DP 699 - Vacancy Savings at 4 Percent									
0.00 (1,827)		0	(2,740)	(4,567)	0.00 (1,827)		0	(2,740)	(4,567)
Total Other Present Law Adjustments									
0.00 (\$1,838)		\$0	(\$2,757)	(\$4,595)	0.00 (\$1,838)		\$0	(\$2,757)	(\$4,595)
Grand Total All Present Law Adjustments				(\$4,595)					(\$4,595)

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 201 - Challenge Program										
02	43.00	1,120,000	0	1,680,000	2,800,000	43.00	1,120,000	0	1,680,000	2,800,000
Total	43.00	\$1,120,000	\$0	\$1,680,000	\$2,800,000	43.00	\$1,120,000	\$0	\$1,680,000	\$2,800,000

New Proposals

DP 201 - Challenge Program - The legislature approved general fund and federal special revenue authority for continued operation of the Youth Challenge program. The legislature funded the program at the 60/40 federal to state split requested in the Executive Budget. The state match funding is 100 percent general fund. The legislature funded the program at the same overall level as the 1999 legislature, and designated the appropriation as one-time-only. Additionally, the legislature included language specifying that the general fund portion could only be used for Montana residents.

Language

The general fund appropriation in item [Youth Challenge Program] may be used only for matching funds for Montana residents.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	250,000	250,000	0	0	0	250,000
Total Costs	\$0	\$0	\$250,000	\$250,000	\$0	\$0	\$0	\$250,000
General Fund	0	0	250,000	250,000	0	0	0	250,000
Total Funds	\$0	\$0	\$250,000	\$250,000	\$0	\$0	\$0	\$250,000

Program Description

The Montana Guard Scholarship Program was established by the Fifty-sixth Legislature to assist in recruiting and retention efforts for the Montana Air and Army National Guard. The program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in colleges, universities, or training programs. Program goals are: 1) assist Montana in increasing its assigned personnel strength in both the Army and Air National Guard; and 2) enhance Army and Air National Guard operational readiness to assume both state and federal active duty missions.

Funding

This program is funded entirely with general fund. The Incentive Scholarship program was funded on a one-time-only basis by the 1999 legislature. Therefore, no expenditures are included in the base year.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 301 - National Guard Incentive Scholarship 03	0.00	250,000	0	0	250,000	0.00	0	0	0	0
Total	0.00	\$250,000	\$0	\$0	\$250,000	0.00	\$0	\$0	\$0	\$0

New Proposals

DP 301 - National Guard Incentive Scholarship - The legislature approved a general fund appropriation to continue the National Guard Scholarship Program into the 2003 biennium. The legislature reduced the executive proposal by \$50,000, funding the program at the 2001 biennium level. The legislature designated the appropriation as one-time-only/biennial.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	26.30	7.00	0.00	33.30	7.00	0.00	33.30	33.30
Personal Services	1,011,635	261,225	(20,312)	1,252,548	268,329	(20,381)	1,259,583	2,512,131
Operating Expenses	3,222,333	390,454	84,382	3,697,169	498,982	182,782	3,904,097	7,601,266
Equipment	41,767	(21,300)	0	20,467	(3,800)	0	37,967	58,434
Debt Service	7,093	(7,093)	0	0	(7,093)	0	0	0
Total Costs	\$4,282,828	\$623,286	\$64,070	\$4,970,184	\$756,418	\$162,401	\$5,201,647	\$10,171,831
General Fund	1,150,302	72,137	(34,330)	1,188,109	124,578	(34,399)	1,240,481	2,428,590
State/Other Special	3,138	22,862	98,400	124,400	22,862	196,800	222,800	347,200
Federal Special	3,129,388	528,287	0	3,657,675	608,978	0	3,738,366	7,396,041
Total Funds	\$4,282,828	\$623,286	\$64,070	\$4,970,184	\$756,418	\$162,401	\$5,201,647	\$10,171,831

Program Description

The Army National Guard provides a trained and equipped military organization for use in the event of a state or national emergency. This program supports the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming, and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard.

Funding

The Army National Guard program is primarily funded with a combination of general fund and federal funds. Funding for facilities operation and maintenance depends on how the facility is used. Facility operation and maintenance costs can be funded:

1. entirely with state funds;
2. entirely with federal funds; or
3. as a shared responsibility, with federal funds at 75 percent and general fund at 25 percent.

When a facility is owned by the state and located on state land, the funding is 100 percent general fund. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent by general fund. When a facility is classified as a logistics facility, the funding is 75 percent federal and 25 percent general fund for all costs. Federally owned facilities located on federal land and those that serve a training mission are funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 75 percent federal and 25 percent general fund for maintenance costs and 100 percent general fund for utilities. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					78,498					85,092
Vacancy Savings					(29,944)					(30,140)
Inflation/Deflation					74,650					62,517
Fixed Costs					35,731					16,871
Total Statewide Present Law Adjustments					\$158,935	\$134,340				
DP 27 - Army Rent and Debt Service Adjustment	0.00	(7,093)	0	3,458	(3,635)	0.00	(7,093)	0	4,436	(2,657)
DP 696 - Data Network Fixed Cost Reduction	0.00	(28)	0	(28)	(56)	0.00	(28)	0	(28)	(56)
DP 699 - Vacancy Savings at 4 Percent	0.00	(2,723)	0	(12,212)	(14,935)	0.00	(2,737)	0	(12,266)	(15,003)
DP 1201 - Army Facilities Operation	7.00	42,327	21,000	424,084	487,411	7.00	102,779	21,000	515,397	639,176
DP 1202 - Scheduled Paint Projects at Armories	0.00	51,760	0	0	51,760	0.00	51,760	0	0	51,760
DP 1203 - Army Computer Plan Reduction	0.00	(4,671)	0	(31,673)	(36,344)	0.00	(4,671)	0	(26,621)	(31,292)
DP 1224 - Out-of-State Travel Reduction	0.00	(2,323)	0	(17,527)	(19,850)	0.00	(2,323)	0	(17,527)	(19,850)
Total Other Present Law Adjustments										
	7.00	\$77,249	\$21,000	\$366,102	\$464,351	7.00	\$137,687	\$21,000	\$463,391	\$622,078
Grand Total All Present Law Adjustments					\$623,286	\$756,418				

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 27 - Army Rent and Debt Service Adjustment - The legislature approved an increase in federal special revenue authority for contractual rent increases for the Great Falls and Helena National Guard recruiting store front offices. This adjustment also eliminates expenditures for debt service from base-year funding. The debt was retired during fiscal 2000, deleting the requirement in the fiscal 2003 biennium.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1201 - Army Facilities Operation - The legislature approved an increase in general fund and state and federal special revenue authority for:

1. the addition of 7.0 FTE (five Maintenance Division and two Contract and Construction Division employees) in support of maintenance and operation of facilities to include training buildings, training areas, firing ranges, storage buildings, and armories; and
2. an increase in operating expenses for Army National Guard facilities operations, including utility increases, repair and maintenance, janitorial services, and maintenance equipment costs.

DP 1202 - Scheduled Paint Projects at Armories - The legislature approved an increase in general fund for contract services to paint two armory exteriors in each year of the biennium.

DP 1203 - Army Computer Plan Reduction - The legislature approved an adjustment to bring personal computer funding into accordance with the division's four-year replacement plan.

DP 1224 - Out-of-State Travel Reduction - The legislature approved an adjustment to reduce out-of-state travel funding to an amount equal to a five-year average. Out-of-state travel in the base year reflected an increase over what was appropriated by the Fifty-sixth Legislature.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 28 - Distance Learning										
12	0.00	0	98,400	0	98,400	0.00	0	196,800	0	196,800
DP 691 - Personal Services General Fund Reduction										
12	0.00	(20,312)	0	0	(20,312)	0.00	(20,381)	0	0	(20,381)
DP 693 - Statewide Travel Reduction										
12	0.00	(14,018)	0	0	(14,018)	0.00	(14,018)	0	0	(14,018)
Total	0.00	(\$34,330)	\$98,400	\$0	\$64,070	0.00	(\$34,399)	\$196,800	\$0	\$162,401

New Proposals

DP 28 - Distance Learning - The legislature approved an increase in state special revenue authority to allow the department to implement shared usage of its Distance Learning capabilities.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans. No FTE were reduced.

DP 693 - Statewide Travel Reduction - The legislature made a reduction in general fund each year equivalent to 13 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

Language

Item [Army National Guard Program] includes a reduction in general fund of \$14,018 in fiscal 2002 and \$14,018 in fiscal 2003. This reduction is the equivalent of a 13 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Army National Guard Program] includes a general fund reduction of \$20,312 in fiscal 2002 and \$20,381 in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00	33.00
Personal Services	1,299,731	85,592	5,686	1,391,009	94,057	0	1,393,788	2,784,797
Operating Expenses	687,734	153,417	0	841,151	143,868	0	831,602	1,672,753
Total Costs	\$1,987,465	\$239,009	\$5,686	\$2,232,160	\$237,925	\$0	\$2,225,390	\$4,457,550
General Fund	196,218	5,047	0	201,265	12,332	0	208,550	409,815
Federal Special	1,791,247	233,962	5,686	2,030,895	225,593	0	2,016,840	4,047,735
Total Funds	\$1,987,465	\$239,009	\$5,686	\$2,232,160	\$237,925	\$0	\$2,225,390	\$4,457,550

Program Description

The Air National Guard program maintains a trained and equipped military organization for use in the event of state or national emergency. The program staff provides administrative, facilities maintenance, and fire protection support to the Air National Guard Base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions to maintain a trained and ready military force and a state civil disaster response capability.

Funding

The Air Guard program is primarily funded with a 75 percent federal participation and a 25 percent general fund state match. Personal services costs for firefighters and security services are 100 percent federally funded.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				81,318					90,133
Vacancy Savings				(37,926)					(38,189)
Inflation/Deflation				38,228					32,674
Fixed Costs				7,762					3,767
Total Statewide Present Law Adjustments				\$89,382					\$88,385
DP 699 - Vacancy Savings at 4 Percent									
0.00	(1,136)	0	(16,180)	(17,316)	0.00	(1,141)	0	(16,262)	(17,403)
DP 1301 - Fire Fighter Overtime and Holiday Pay									
0.00	0	0	59,516	59,516	0.00	0	0	59,516	59,516
DP 1302 - Security Contract Increase									
0.00	0	0	107,427	107,427	0.00	0	0	107,427	107,427
Total Other Present Law Adjustments									
0.00	(\$1,136)	\$0	\$150,763	\$149,627	0.00	(\$1,141)	\$0	\$150,681	\$149,540
Grand Total All Present Law Adjustments				\$239,009					\$237,925

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 1301 - Fire Fighter Overtime and Holiday Pay - The legislature approved an increase in federal special revenue for overtime and holiday pay for state fire-fighters in the Air National Guard. The contractual agreement requires these

items to be paid when earned.

DP 1302 - Security Contract Increase - The legislature approved an increase in federal special revenue for contracted security services for the Air National Guard facility in Great Falls. This increase brings the total contract to \$245,000.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 289 - SB 289 - Firefighters' Retirement										
13	0.00	0	0	5,686	5,686	0.00	0	0	0	0
Total	0.00	\$0	\$0	\$5,686	\$5,686	0.00	\$0	\$0	\$0	\$0

New Proposals

DP 289 - SB 289 - Firefighters' Retirement - Under the provisions of SB 289, new firefighters hired by the Air National Guard must participate in the Firefighters Retirement System. To accommodate projected hirings, the legislature added federal special authority and designated the appropriation as restricted and biennial.

Language

Item [Firefighters Retirement] is contingent upon passage and approval of Senate Bill 289. (Note - SB 289 was passed and approved.)

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	20.00	0.00	1.00	21.00	0.00	1.00	21.00	21.00
Personal Services	829,179	10,423	39,765	879,367	14,569	40,037	883,785	1,763,152
Operating Expenses	302,349	(117,615)	100,000	284,734	(117,615)	100,000	284,734	569,468
Equipment	0	0	0	0	17,330	0	17,330	17,330
Grants	374,771	265,229	491,290	1,131,290	265,229	49,018	689,018	1,820,308
Benefits & Claims	8,935	(8,935)	0	0	(8,935)	0	0	0
Total Costs	\$1,515,234	\$149,102	\$631,055	\$2,295,391	\$170,578	\$189,055	\$1,874,867	\$4,170,258
General Fund	454,972	51,417	0	506,389	66,169	0	521,141	1,027,530
State/Other Special	18,541	3,056	0	21,597	3,056	0	21,597	43,194
Federal Special	1,041,721	94,629	631,055	1,767,405	101,353	189,055	1,332,129	3,099,534
Total Funds	\$1,515,234	\$149,102	\$631,055	\$2,295,391	\$170,578	\$189,055	\$1,874,867	\$4,170,258

Program Description

The Disaster and Emergency Services Division:

1. works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, mitigation, response, and recovery plans;
2. provides technical assistance and coordination of the state's response to assist political subdivisions in times of emergencies; and
3. receives, records, and disburses federal funds to eligible political subdivisions. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery.

The division is responsible for disaster-planning activities, responding quickly and effectively to disasters and emergencies, serving as a source of information and as a 24-hour contact point, and coordinating state assistance to local governments.

Funding

The Disaster Coordination Response Program is supported with general fund, state special revenue, and federal funds. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 basis with general fund and federal funds. Disaster coordination functions focusing on specifically identified hazards or functions are usually funded 100 percent with federal funds. State special revenues are fees received from persons who attend division-sponsored workshops and conferences, and are used to support these functions

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				45,516					49,835
Vacancy Savings				(24,117)					(24,246)
Inflation/Deflation				(685)					(483)
Fixed Costs				1,641					(722)
Total Statewide Present Law Adjustments				\$22,355					\$24,384
DP 696 - Data Network Fixed Cost Reduction									
0.00	(76)	0	(76)	(152)	0.00	(76)	0	(76)	(152)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(5,488)	0	(5,488)	(10,976)	0.00	(5,510)	0	(5,510)	(11,020)
DP 2101 - Federal Spending Adjustment									
0.00	0	0	0	0	0.00	0	0	0	0
DP 2102 - Annualize Funding									
0.00	51,082	0	(51,082)	0	0.00	51,503	0	(51,503)	0
DP 2103 - DES Eliminate Benefits And Claims Funding									
0.00	(602)	0	(8,333)	(8,935)	0.00	(602)	0	(8,333)	(8,935)
DP 2104 - Out-of-State Travel Reduction									
0.00	(7,240)	3,056	(7,241)	(11,425)	0.00	(7,240)	3,056	(7,241)	(11,425)
DP 2106 - DES Increase Federal Pass-Through to Counties									
0.00	0	0	158,235	158,235	0.00	0	0	160,396	160,396
DP 2107 - Server Replacement									
0.00	0	0	0	0	0.00	12,679	0	4,651	17,330
DP 2108 - DES Change From Motor Pool Lease Program									
0.00	0	0	0	0	0.00	0	0	0	0
Total Other Present Law Adjustments									
0.00	\$37,676	\$3,056	\$86,015	\$126,747	0.00	\$50,754	\$3,056	\$92,384	\$146,194
Grand Total All Present Law Adjustments				\$149,102					\$170,578

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 2101 - Federal Spending Adjustment - The legislature approved an adjustment to replace grant funding spent on operating expenses during the base year. This adjustment moves the authority back to grants to allow pass-through grants to counties. This adjustment also aligns the division budget with current operations.

DP 2102 - Annualize Funding - The legislature approved an adjustment to increase general fund and decrease federal special revenue authority to annualize funding within the division. On October 1, 1999 the Federal Emergency Management Agency required a 50/50 cost share for all programs funded under the Emergency Management Assistance Program. The 1999 legislature approved an increase in general fund to accommodate this change. Base year expenditures include funding for the 50 percent state match for three quarters of the fiscal year only. This adjusts base year expenses for a full year of funding at the current 50/50 federal/general fund split.

DP 2103 - DES Eliminate Benefits And Claims Funding - The legislature approved an adjustment to eliminate one-time-only expenditures for back pay to an employee.

DP 2104 - Out-of-State Travel Reduction - The legislature approved an adjustment to decrease the division's out-of-state travel funding and bring expenditures back to a five-year average.

DP 2106 - DES Increase Federal Pass-Through to Counties - The legislature approved an increase in federal special revenue authority in the Emergency Management Performance Grant, to accommodate increased federal funding. This funding will be passed through to county governments to help fund the emergency management programs in each county.

DP 2107 - Server Replacement - The legislature approved an increase in general fund and federal special revenue authority allowing replacement of the division's existing server in fiscal 2003. The legislature designated this increase as one-time-only.

DP 2108 - DES Change From Motor Pool Lease Program - The legislature approved an adjustment allowing the division to lease six full-size pickup trucks from the federal General Services Administration at a cost comparable to that of leasing six mid-size cars from the State Motor Pool.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2105 - DES Terrorism/Weapons of Mass Destruction 21	1.00	0	0	631,055	631,055	1.00	0	0	189,055	189,055
Total	1.00	\$0	\$0	\$631,055	\$631,055	1.00	\$0	\$0	\$189,055	\$189,055

New Proposals

DP 2105 - DES Terrorism/Weapons of Mass Destruction - The legislature approved an increase in federal special revenue authority to support implementation of a Terrorism/Weapons of Mass Destruction Program. This increase adds 1.0 FTE as well as pass-through grants for local government programs. Duties assigned to the new position will include coordination and preparation of a risk assessment and five-year strategic plan for terrorism, accomplished in cooperation with the Montana National Guard and the departments of Justice, Public Health and Human Services, Livestock, and Environmental Quality. The program goal is to better prepare Montana such that the state becomes less vulnerable to terrorism, weapons of mass destruction, and school violence. The legislature inserted language specifying that the program and the related FTE be terminated if federal funding for the program terminates.

Language

The Terrorism/Weapons of Mass Destruction program and the associated 1.0 FTE are terminated when federal funding for the program is terminated.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	19.30	0.20	0.00	19.50	0.20	0.00	19.50	19.50
Personal Services	624,467	17,673	0	642,140	21,902	0	646,369	1,288,509
Operating Expenses	103,718	110,379	0	214,097	96,995	0	200,713	414,810
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$728,185	\$128,052	\$0	\$856,237	\$118,897	\$0	\$847,082	\$1,703,319
General Fund	666,918	39,979	(12,173)	694,724	30,826	(12,276)	685,468	1,380,192
State/Other Special	61,267	88,073	12,173	161,513	88,071	12,276	161,614	323,127
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$728,185	\$128,052	\$0	\$856,237	\$118,897	\$0	\$847,082	\$1,703,319

Program Description

The Veterans' Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information relative to veterans' benefits. The program also administers the veterans' cemeteries located at Fort Harrison in Helena, and in Miles City. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate. The division operates in accordance with Title 2, Chapter 15, Part 12; and Title 10, Chapter 2, MCA.

Funding

The Veterans' Affairs Division is funded with general fund for all functions except cemetery operations. Veterans' cemetery operations are fully funded by state special revenue funds from donations, veterans' license plate fees, and cemetery plot allowances. In fiscal 2000, veterans' license plate fee revenues generated the largest portion of the state special revenue funding.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				39,203					43,589
Vacancy Savings				(17,786)					(17,917)
Inflation/Deflation				853					1,372
Fixed Costs				6,315					7,491
Total Statewide Present Law Adjustments				\$28,585					\$34,535
DP 696 - Data Network Fixed Cost Reduction									
0.00	(28)	0	0	(28)	0.00	(28)	0	0	(28)
DP 699 - Vacancy Savings at 4 Percent									
0.00	(8,100)	(660)	0	(8,760)	0.00	(8,143)	(662)	0	(8,805)
DP 3101 - VA Increase Part Time FTE to Full Time									
0.20	5,016	0	0	5,016	0.20	5,035	0	0	5,035
DP 3102 - MT State Veterans' Cemetery									
0.00	0	13,438	0	13,438	0.00	0	13,160	0	13,160
DP 3103 - Eastern MT Veterans' Cemetery									
0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 3104 - Veterans' Affairs Replacement Computers									
0.00	14,801	0	0	14,801	0.00	0	0	0	0
Total Other Present Law Adjustments									
0.20	\$11,689	\$87,778	\$0	\$99,467	0.20	(\$3,136)	\$87,498	\$0	\$84,362
Grand Total All Present Law Adjustments				\$128,052					\$118,897

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

DP 3101 - VA Increase Part Time FTE to Full Time - The legislature approved an increase in general fund to increase an existing .80 FTE to a 1.00 FTE at the Missoula Veterans' Affairs Office.

DP 3102 - MT State Veterans' Cemetery - The legislature approved an increase in state special revenue authority of up to \$75,000 to operate, maintain, and administer the Montana State Veterans' Cemetery at Fort Harrison.

DP 3103 - Eastern MT Veterans' Cemetery - The legislature approved an increase in state special revenue authority of up to \$75,000 to operate, maintain, and administer the Eastern Montana Veterans' Cemetery located at Miles City.

DP 3104 - Veterans' Affairs Replacement Computers - The legislature approved an increase in general fund to purchase replacement office equipment and computers. The increase will replace office copiers in the two Montana Veterans' Affairs Division offices located in Great Falls and Bozeman, as well as four computers each year of the biennium, in accordance with the division's four-year replacement plan. The legislature designated \$4,000 for copier replacement in fiscal 2002 as one-time-only.

New Proposals										
Prgm	FTE	-----Fiscal 2002-----				-----Fiscal 2003-----				Total Funds
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	
DP 3105 - Increase State Special Revenue										
31	0.00	(12,173)	12,173	0	0	0.00	(12,276)	12,276	0	0
Total	0.00	(\$12,173)	\$12,173	\$0	\$0	0.00	(\$12,276)	\$12,276	\$0	\$0

New Proposals

DP 3105 - Increase State Special Revenue - The legislature approved a funding switch to reduce general fund support to the Veterans' Affairs division. Increased state special revenue funding will be from veterans' license plate fees, which are used to fund the costs of operating the cemeteries. This funding switch reduces general fund by \$12,173 in fiscal 2002 and \$12,276 in fiscal 2003 and increases state special revenue by a like amount.